



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 50-22 – Temporary Licenses
Department of Professional and Occupational Regulation
June 11, 2011

Summary of the Proposed Amendments to Regulation

Pursuant to Chapters 260 and 280 of the 2010 Acts of Assembly, the Board for Contractors (Board) proposes to make permanent an emergency regulation that enables the Board to issue temporary licenses. The emergency action became effective on March 2, 2011 and expires on December 31, 2013. The proposed amendments include a definition of temporary licenses, establishment of eligibility criteria for such a license, the fees associated with such a license and other administrative requirements.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Chapter 260 and Chapter 280 of the 2010 Acts of Assembly provides emergency authorization for the Department of Professional and Occupational Regulation's boards to issue temporary licenses and certifications in instances where applicants are validly licensed in good standing in other states and have simultaneously submitted a completed application for a Virginia license or certification. The proposed action would define entry requirements, list fees, and set out the disciplinary authority for temporary licenses.

In order to qualify for a temporary license a firm must hold a comparable license or certificate in another state and provide verification of current licensure or certification from the other state in a format acceptable to the Board. The license or certificate, as applicable, must be in good standing and have comparable qualifications to the Virginia license applied for by the firm. By qualifying for a temporary license, a business entity will be permitted to bid upon or

actually commence construction projects within the Commonwealth while working to meet examination, education and other eligibility criteria. In order to meet the current criteria contractor business entities may spend up to a month to schedule and complete the pre-license education requirements, study for and successfully complete the exam, and submit all required documentation.

The ability to start a project while working to meet these criteria allows the business entity to hire individuals and properly licensed sub-contractors to work. This allows those individuals and employees of the sub-contractor to start receiving compensation sooner, putting people to work sooner. Furthermore, firms which hold a comparable license or certificate in good standing in another state with comparable qualifications to the Virginia license applied for by the firm will be more likely to bid for contracts in Commonwealth, potentially reducing the market cost of contractor services for Virginia purchasers of these services.

Businesses and Entities Affected

The Department of Professional and Occupational Regulation forecasts that there will be approximately 12 temporary contractor license applicants per year.

Localities Particularly Affected

The proposed amendments do not disproportionately affect particular localities.

Projected Impact on Employment

The proposal amendments are unlikely to significantly affect total employment.

Effects on the Use and Value of Private Property

The temporary license will reduce costs for firms newly operating in the Commonwealth and may moderately increase their value. Purchasers of contractor services may encounter moderately reduced through the price effect of additional competition.

Small Businesses: Costs and Other Effects

The temporary license will reduce costs for firms newly operating in the Commonwealth and may moderately reduce costs for consumers through the price effect of additional competition.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed amendments do not adversely affect small businesses.

Real Estate Development Costs

Real estate development costs may be moderately reduced due to possible lower market prices for contractor services due to additional competition.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.